

Public Hearing – February 21, 2019
Energy and Technology Committee

Testimony Submitted by Commissioner Katie S. Dykes

H.B. No. 5002 – AN ACT CONCERNING THE DEVELOPMENT OF A GREEN NEW DEAL

Thank you for the opportunity to present testimony regarding H.B. No. 5002 – An Act Concerning the Development of a Green New Deal.

The Department of Energy and Environmental Protection (DEEP) welcomes the opportunity to offer the following testimony. DEEP **SUPPORTS** the concepts in this proposal, and looks forward to thoroughly analyzing a fully drafted bill.

DEEP welcomes the opportunity to work with the Committee on the specifics of this proposal, and submits the following principles and priorities for the Committee to consider:

- 1. Equity:** Connecticut's most vulnerable populations should be at the forefront of any new or enhanced new clean energy programs and approaches to coastal protection, as they will disproportionately feel the impacts of climate change and bear the costs of adaptation. Solutions that advance the new, low-carbon green economy should be designed to be accessible and beneficial for Connecticut's low-moderate income residents and disadvantaged communities. Well-designed approaches can also have benefits for all ratepayers, who bear the costs of expanded hardship programs and uncollectible accounts that result from unaffordable energy costs.
- 2. Decarbonization:** The analysis from the Governor's Council on Climate Change shows that reaching the state's current greenhouse gas (GHG) reduction goals for 2020, 2030 and 2050 will require strategically electrifying home heating/cooling and transportation, while advancing energy efficiency and zero-carbon renewable energy at scale. The state has a short window to make these transformational changes, so any new programs should prioritize those sectors or technologies that will reduce the most GHG emissions per dollar spent.
- 3. Ratepayer impacts:** Many new clean energy innovations require upfront capital, incentives, and/or long term contracts with electric distribution utilities in order to finance projects and meet gaps that the market cannot fill. To date, most of these programs and contracts have been paid for through charges on electric distribution rates (e.g. ratepayers). Energy use is not fully correlated with income, making ratepayer-funded programs more regressive than other funding mechanisms. Low- to moderate-income customers face a high energy affordability gap, and commercial/industrial businesses of all sizes struggle to remain competitive as operational costs from energy escalate. A consistent commitment to *minimizing the costs* of carbon mitigation and adaptation investments through competition (#3) and diverse investments and funding sources (#4), while pursuing investments that provide *maximum benefits* will be the best

approach to minimizing ratepayer impacts and ensuring affordable, predictable energy costs for the families and businesses of Connecticut.

- 4. The role of competition:** Competition at all levels—from energy generators, to new renewable energy bidders in state procurements, to contractors in program delivery—can help ensure that the state has high-quality options that take advantage of falling costs. In particular, competitive procurements, open to the broadest range of resources that meet the state’s carbon reduction goals, are key to “price discovery” in the electric sector to determine what ratepayers should pay for new clean energy products or services. New or enhanced clean energy solutions should build upon Connecticut’s success in competitive clean energy solicitations that have resulted in contracts for over 400 MW grid-scale resources and almost 200 MW behind-the-meter commercial/industrial fuel cells and solar projects. Going forward, DEEP believes that setting a regular, predictable schedule of procurements, harmonized where possible with clean energy purchases in other states, will further enhance competition and ensure the best possible prices for the state’s ratepayers.
- 5. Economic development and investment:** The state’s regulatory commitment to clean energy and environmental sustainability has spurred growth in the “green” economy in Connecticut. Going forward, strategic investments will be needed to the state’s sustainability and resiliency goals, and these choices should seek to leverage private sector investment and promote cost sharing across all affected sectors. The Connecticut Green Bank has successfully demonstrated multiple models for leveraging limited state and ratepayer dollars to achieve significant resource deployment, and should be an important partner in the state’s strategic green investments. Similarly, the state’s award-winning Conservation and Load Management programs have a long history of spurring the growth of clean energy jobs in the state, including training and workforce development. Protecting the funding sources for these programs from legislative sweeps will be key to maintaining a stable workforce and investment climate for Connecticut’s green economy.
- 6. Go-to-market strategies and regional collaboration:** Connecticut has successfully deployed energy efficiency and renewable energy solutions through a variety of policies and programs, all of which are designed to meet unique consumer and market needs and gaps. All programs (both existing and new) should have a clear “theory of change” to address how the investment, deployment or behavioral shift will be incentivized to occur over time at scale with less upfront state or ratepayer investment. The success of the new “green” economy depends on how fully these transformations are absorbed and supported by residents, communities, businesses, and markets throughout the region. Different climate and energy challenges each require different policy approaches depending on how fully they have been mainstreamed and reached financial sustainability. For each new policy, program or incentive, the committee should identify how the solution will scale and go to market, and where regional collaboration is especially valuable or essential to achieve the goals.
- 7. Winter reliability:** The constraints on gas delivery in New England during cold snaps continue to create vulnerabilities in the electric system and drive up electric rates. New

clean energy programs that prioritize meeting and reducing winter electric load can help the state and region acutely in the near-term.

8. **Regional market opportunities and challenges:** The regional wholesale electricity and capacity markets today do not accommodate or achieve state clean energy goals, leaving states to “pay twice” for critical new renewable resources. This problem will worsen as New England states accelerate their clean energy procurements. Therefore, succeeding at an equitable and affordable Green New Deal requires confronting these market shortcomings. Connecticut must work with other states and the grid operator, ISO New England, to develop new rules and approaches that allow for the entry zero-carbon resources at scale, or consider different market models that more affordably and reliably provide for Connecticut’s resource adequacy and decarbonization objectives.
9. **Grid modernization:** The modern grid distribution system should ideally integrate distributed generation (DG) resources and deploy them in the places and times where they produce the highest benefit (and reduce the most costs) for the grid and its customers. Programs and incentives to expand DG solutions such as storage, demand response and solar PV should be targeted to cost-effectively achieving the greatest grid benefits, GHG reductions and equitable customer access. At the same time, new frameworks for achieving “beneficial” electrification of transportation and building heating and conditioning uses will need to be considered in electric utility distribution planning to ensure reliable integration at least cost.

In sum, DEEP **SUPPORTS** the concepts in H.B. No. 5002 – An Act Concerning the Development of a Green New Deal. These are complex issues that DEEP has been engaging across all of our agency, and the comments here are certainly not complete. We welcome the opportunity to engage with the Committee further on this critical topic and look forward to seeing a full draft of the bill with estimated costs.

Thank you for the opportunity to present testimony on this proposal. If you should require any additional information, please contact Mandi Careathers, DEEP’s Legislative Liaison, at Mandi.Careathers@ct.gov.